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PUBLICATIONS AND RESEARCH

Book Reviews

CASUALTY INSURANCE. Revised Edition. By C. A. Kulp. The Ronald Press Company, New York, 1956. 635 pages. $7.50.

Reviewer: Bob A. Hedges, Assistant Professor of Economics, University of Illinois.

This reviewer's approach to Kulp's third edition is necessarily conditioned by his opinion about the second edition: "An authoritative work which constitutes essential reading for every serious student of the subject. What a shame it has never been translated into English."

This divides the discussion into two parts: the book as reading (1) for teachers and other "professional" students and (2) for undergraduates and members of the insurance business in general.

Professor Kulp is an authority. He is a long-time and well-informed student and teacher of casualty insurance and a member of the Casualty Actuarial Society. In this reviewer's opinion, his *Casualty Insurance* occupies the same position of "classic" in its area as is held by Winter in ocean marine, by Hobbs in workmen's compensation, and by Rodda in inland marine.[1]

The third edition is a revision, definitely not a complete rewriting. The changes and additions are scattered through the book. Recent policy forms discussed include the 1954 workmen's compensation policy, the 1955 automobile policy, broad form personal theft, and "multiple-line comprehensive insurance." The format of the chapter on accident and health insurance has been completely changed, with various recent trends in coverage worked into the new discussions. The new family automobile policy is too recent to have been included, of course, but omission of the storekeeper's liability policy cannot be similarly explained.

Even more important is the up-dating of the material on principles, for this is a *principles* text.[2] In this category are such items

[1] This list is representative, not complete.

[2] This statement represents the opinions of both this reviewer and of Dean Kulp (see his "Preface"). It is a publishing anomaly that Kulp's study of principles is called simply *Casualty Insurance*, while Michelbacher's collection dealing with casualty insurance companies' organization and operations, practices and problems, is actually entitled *Casualty Insurance Principles* (McGraw-Hill, 1942.)

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as a new paragraph in the evaluation of Heinrich's loss-prevention technique (pp. 88f, 3rd ed., *cf.*, p. 74, 2nd ed.); insertion of material on New York's new compulsory automobile insurance law into the discussion under the heading, "Criticisms of the Massachusetts System"; the addition of sections on "Unsatisfied Judgment Funds" and "Impoundment Statutes" (but, surprisingly, not on uninsured motorist insurance).

The most extensive revision required by events in the past 14 years was in the chapter on regulation, for the second edition antedated the S.E.U.A. decision and Public Law 15. Another, lesser, change appears in the section on underwriting problems in workmen's compensation. This change has been traceable to the fact, Kulp notes, that "developments of the last decade and longer have been so favorable in general as to make compensation underwriting a half-forgotten problem." [3]

An addition not necessitated by changes through time is a section on "Automobile Liability Underwriting Problems." Another is found in the final seven pages of Chapter 3, "Casualty Insurance Policies," of which the most noteworthy section is "Casualty Underwriting Principles and Techniques."

Dean Kulp notes in his "Preface" that he has dropped the chapter on credit insurance—a change which disturbs this reviewer not a whit. Nor is he concerned over the other omissions mentioned in the preface—none of which represented changes from the previous edition. But the reviewer remains sorry that the Dean has never seen fit to include material on surety in this book. After all, most courses, whether college or professional, include surety if they include casualty. And separate textbooks are expensive.

This reviewer has long felt that the best parts of Dean Kulp's work were those which related his subject to its general setting—its social, economic, political, and psychological environment. One way of characterizing the virtues of this book is to note that this reviewer finds more suggestions for good research or thesis topics in it than in any other current work in either fire or casualty insurance. Kulp's writing is—or should be—provocative of a great deal of thought. The serious student, the advanced student, the teacher have reason to be grateful. In the third edition, many changes and additions emphasize this quality even more: See the new sections on underwriting, the rewrite of the chapter on regulation, and the expanded discussion on industrial accident prevention.

Another example is furnished by a third edition change not previously mentioned: the expansion of the discussion on rehabilitation benefits and practices in workmen's compensation (pp. 113-120). Consider the potentials for study in the following important mat-

[3] Pp. 151f.

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ters, raised in only the first two of these approximately seven pages: The possible social as well as medical objectives of rehabilitation; the type of facilities and personnel needed for rehabilitation; and the adequacy or inadequacy of present rehabilitation services and the means for supplying them; the problems of motivation—financial and non-financial—in rehabilitation.

The breadth of Dean Kulp's view is almost breath-taking. No interested reader of his words should come away from them without an acute awareness of both the quantity and the quality of interaction between insurance and its problems and the general world and its complexities.

This reviewer is tempted to extend discussion of this book's virtues to exhaustive length in order to present them in a space proportionate to their importance, especially as compared with this book's limitations or vices. For these last, too, are present, and require more than brief consideration. They relate, of course, to the book's clarity and ease of understanding.

The third edition does seem to show improvement in this area. After first browsing through the new version, the reviewer remarked to his two adult classes in C.P.C.U. Part I that the book seemed to have been made more readable. Members of both classes responded to the effect that they found the present edition most *un*readable and expressed doubt that it could have been more difficult before. And this was and is the big problem with this book.

Improvements have been made. In the second edition, in Chapter 3, the following headings appear, all of them being of equal weight—not a topic and subheads:

> Types of Casualty Insurance Policies
> Basic Hazard
> Scope of Hazard
> Method of Allocating Insurance
> Effect of Loss

But the discussion makes it clear that the final four present different ways of classifying casualty insurance policies as to type. The third edition changes this arrangement to main head and subheads:

> Kinds of Casualty Insurance Policies
> Scope of Hazard
> Treatment of Large and Small Loss
> Method of Allocating Insurance
> Continuous or Noncontinuous Insurance

Quite apart from any gain accruing from changing the topics themselves, the new arrangement is much more helpful to the student in his problem of organizing the material for thought.

Unfortunately, not all such changes are really improvements.

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A little earlier in the same chapter, the previous edition presented the following arrangement of topics:

Principal Legal Features of Casualty Policies
  Offer and Acceptance
  Warranties and Representations
Indemnity versus Pure Insurance Contracts
Endorsements
Legality of Object

Now, as Dean Kulp himself notes, the "principal legal features of casualty policies" considered simply as contracts (which is the way he considers them under this particular heading) are (in brief) offer and acceptance, consideration, legality of object, and capacity of parties. Having been told this, the student finds "warranties and representations" lifted to an equal status with one member of this list ("offer and acceptance") while another member of the basic list is shunted off as though it were an entirely different and unrelated topic. The well-organized reader must bring the discussion together in proper relationship; the reader not so well organized loses track of what is going on.

The third edition's rearrangement is not really better:

Principal Legal Characteristics of Casualty Policies
  Offer and Acceptance
  Warranties and Representations
  Indemnity versus Pure Insurance Contracts
Legality of Object

Frankly, it is hard to see how this arrangement came about. Why do the correlative subjects of "offer and agreement" and "legality of object" get such different and physically separated treatment? "Warranties and representations," as Kulp discusses them, are subtopics of "offer and acceptance" (an approach which the reviewer admires); "indemnity versus pure insurance" deals with problems of insurable interest and gambling, which are related to "legality of object." "Endorsements" as a topic seems completely out of place here. In short, the arrangement not only fails to help the student; it probably confuses him.

Another deficiency in the arrangement of headings is that too often there are overly-long times "between drinks": The heading, "Rehabilitation Benefits" is the only break for seven pages; in Chapter 9, "Criticism of the Massachusetts System" runs even longer, and "Automobile Compensation Insurance" for nearly as much, and so forth. This practice, minor in itself, does serve to compound the over-all difficulty.

But the fundamental cause of the lack of readability lies in the individual sentences and paragraphs. The Dean is highly literate, and, as has been seen, his best sections are solidly packed with

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ideas. These two qualities have much to do with the lack of readability of his book. He juggles subordinate clauses, participial phrases, and parenthetical expressions (set off by quotation marks or dashes as well as by actual parentheses) with nonchalance. Readers not supplied with equal erudition encounter trouble.

And if you had some trouble with that last sentence, you understand the problem. The causes of the difficulty in this textbook, together with illustrations from the book itself, are these:

1. Multiplicity of phrases and clauses, particularly when accompanied by a lack of commas:

"The close interdependence of classification, exposure unit and exposure criteria is suggested if one assumes that risk size were substituted in workmen's compensation as the basis for classification but within each classification dollars of payroll were retained as the exposure unit." (p. 460). (This is the sort of thing that leads one to long for "a translation into English.")

2. Juxtaposition of ideas, especially without explanation:

"A policy year represents the experience on all policies written during a twelve-month period; that is, it covers 24 calendar months." (p. 470) (That one will slow the thinking student down! And it teaches the not-so-thinking student nothing. If the paradox is explained earlier in the same chapter, this reviewer missed the place.)

3. Vocabulary, especially in the context of complicated sentences:

"Since monopoly funds often pursue a policy of pitching premiums close to expected net costs and can recover premium deficiencies in a later period, there is no way to judge except by the empirical test whether they are running too close to the financial margin for comfort and maximum operating effectiveness." (p. 447) (Most of the words are only moderately difficult when taken individually, but their cumulative effect is deadly. An exception: ask one of your classes what the word "empirical" means!)

4. As noted, Dean Kulp is addicted to parenthetical expressions. Closing a copy of the book, then letting it fall open, the reviewer got pages 340-341. Four paragraphs start on these pages. Even if one counts only those parenthetical expressions which are actually in parentheses, there are three in the first paragraph, two in the second, one in the third, and two in the fourth. This is too many for easy reading.

The toughest reading in the book is in the rating chapters. Admittedly, they deal with an inherently complex subject. But the sentence construction found in examples 1 and 2 above, is not neces-

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sary in explaining it. Such items only serve to heighten the confusion.

The clearest writing in the third edition is in the new sections. Except in the case of parenthetical expressions, no sentences could be found in the new parts to serve as examples of the book's difficulties. Thus, in this respect, too, the new version represents improvement. Unfortunately, much of the book was not thoroughly re-written.

The reviewer still has his doubts about the usefulness of *Casualty Insurance* as an undergraduate text. Two solutions seem possible: One can use something else as the basic text and assign "outside reading" in Kulp to get his excellent treatment of underwriting problems and of the social viewpoint; or one can use Kulp's book as the text and assign outside reading to explain it. Neither solution is especially attractive.

Teachers of C.P.C.U. classes, who have no choice in texts, can expect to continue to hear complaints about the difficulty of the reading—and can continue to hope that, despite this, some of the Dean's breadth and depth of discussion will provoke some real thought on the part of the insurance men exposed to him.

For themselves, teachers (and other serious students) have no choice: This work continues to be a "must."

ESTATES AND TRUSTS. Revised Edition. By Gilbert Thomas Stephenson. Appleton-Century-Crofts, New York, 1955. 450 pages. $5.00.

Reviewer: Kenneth L. Black, Professor of Law, University of Florida.

The original textbook was published in 1949. Since that time the Powers of Appointment Act of 1951 and the Revenue Code of 1954 have been adopted, and the present revised edition brings the text up to date with respect to this tax legislation. This book, although written primarily as a text, contains excellent basic information for the advanced college student or the layman who is possessed of an estate. The reader will be able to obtain the information that he must know about estates and trusts. With this fundamental information he will be able to intelligently accumulate property and build his own estate and at the same time avoid many of the common pitfalls that the uninformed estate owner inadvertently stumbles into.

The book is written in Stephenson's usual facile and lucid style. The first chapter of the book discusses property in general, pointing out the different types of property and the various manners in which it can be held. In most instances the author gives illustrations or

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